

ELLIS:LAWHORNE

John F. Beach
Direct dial: 803/343-1269
jbeach@ellislawhorne.com

October 25, 2006

FILED ELECTRONICALLY AND ORIGINAL VIA 1ST CLASS MAIL SERVICE

The Honorable Charles L.A. Terreni
Chief Clerk
South Carolina Public Service Commission
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: Application of Wyboo Plantation Utilities, Inc. for Approval of New
Schedule of Rates and Charges for Water and Sewer Services
Docket No. 2005-13-WS, ELS File No. 1015-10306

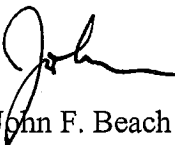
Dear Mr. Terreni:

Enclosed for filing please find the original and one copy (1) copy of the **Prefiled Testimony of Mark Wrigley** for filing on behalf of Wyboo Plantation Utilities, Inc. in the above-referenced matter. By copy of this letter, I am serving all parties of record in this proceeding and enclose my certificate of service to that effect.

Please stamp "received" the additional copy of this letter, and return in the enclosed envelope.

With kind regards, I am

Yours truly,



John F. Beach

JB/cr

Attachments

cc: all parties of record, w/a
Mr. Mark Wrigley, w/a
Mr. Joe Maready, w/a

THIS DOCUMENT IS AN EXACT DUPLICATE OF THE E-FILED COPY SUBMITTED TO THE COMMISSION IN ACCORDANCE WITH ITS ELECTRONIC FILING INSTRUCTIONS.

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2005-13-W/S

IN RE:

Application of Wyboo Plantation
Utilities, Inc. for adjustment of rates and
charges for the provision of water and
sewer service

DIRECT TESTIMONY OF
MARK WRIGLEY

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS AFFILIATION.**

2 A. My name is Mark Wrigley. I am the President and Owner of Wyboo Plantation
3 Utilities, Inc. ("Wyboo").

4 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**
5 **BACKGROUND.**

6 A. I am the owner and President of Wrigley & Associates, Inc. Wrigley and
7 Associates was formed by my father in the early seventies for the purpose of
8 helping small communities, shopping centers, and trailer parks provide water and
9 wastewater services to their customers. I began to work for Wrigley and
10 Associates in the late seventies as half owner and Vice President, and became the
11 sole owner and President in 1995. I have over 26 years experience in the water
12 and wastewater field. I have over 12 years experience in the environmental
13 treatment area and two years teaching experience in the same area. I hold Class A
14 South Carolina certifications for both water and wastewater system operations. .

1 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

2 A. I am testifying on behalf of Wyboo Plantation Utilities, Inc. (hereinafter
3 sometimes referred to as "Wyboo").

4 **Q. WHO IS WYBOO?**

5 A. Wyboo Plantation Utilities, Inc. is a South Carolina corporation that was
6 incorporated on October 23, 1995, for the principal, but not exclusive, purpose of
7 owning and operating the Wyboo water and wastewater facility.

8 **Q. HAVE YOU FILED ANY TESTIMONY BEFORE THIS COMMISSION IN**
9 **THE PAST?**

10 A. Yes, I have. In Docket No. 2002-356-W, I filed testimony in support of Wyboo's
11 request to expand its service area to include the Granada and Cedar Hills mobile
12 homes parks. The Commission approved that application based upon my verified
13 testimony, and without hearing.

14 **Q. PLEASE STATE THE PURPOSE OF YOUR TESTIMONY.**

15 A. I am testifying in support of Wyboo's Application to Increase its Rates and
16 Charges for Water and Sewer Services in South Carolina.

17 **Q. COULD YOU GIVE A BRIEF HISTORY OF THE WYBOO WATER AND**
18 **WASTEWATER SYSTEMS?**

19 A. Yes. Wyboo Plantation Subdivision is a thriving 650-acre waterfront, gated golf
20 course community located on South Carolina Highway 260, 8 miles southeast of
21 Manning, South Carolina, in Clarendon County. Wyboo Plantation Utilities, Inc.
22 was created to provide water and wastewater services to that community. Prior to
23 1996, Wyboo had been providing water for three years without charge to the

1 approximately sixty (60) customers of the system. Prior to 1998, Wyboo had
2 been serving at no charge sewerage service to some twenty (20) customers in or
3 near the Wyboo Plantation Subdivision in Clarendon County.

4 The Commission set the current rates for Wyboo Plantation effective
5 November 1, 1996 for water and January 19, 1998 for sewer as follows:

6 Water:

7
8 Monthly water usage rate \$ 18.00 per month
9
10 Monthly Irrigation Usage Rate \$ 10.00 per month
11 (April through September only)
12

13 Sewer:

14
15 Monthly Sewer Usage Rate \$ 20.00
16
17 Tap Fee \$500.00
18

19 **Q. ARE THE PRESENT RATES FOR WYBOO SUFFICIENT TO ALLOW**
20 **WYBOO TO SERVICE, MAINTAIN, REPAIR, RENOVATE AND**
21 **REPLACE ITS VARIOUS SYSTEMS AND THEIR COMPONENT PARTS**
22 **IN THE STATE OF SOUTH CAROLINA?**

23 A. No they are not. In fact, these rates are not even sufficient for Wyboo to pay for
24 its day-to-day costs of operation. That is why Wyboo is seeking this rate relief.
25 The monthly rates that the Commission must approve in order for Wyboo to have
26 a sustainable operation at Wyboo Plantation are as follows:

- 27 1. Water - \$67.00 for residential customers; \$25.00 for residential irrigation;
28 \$80.00 per SFE for commercial customers; \$60.00 per connected unit for

1 commercial/mobile homes; and \$15.00 per connected unit for
2 commercial/mobile home irrigation.

3 2. Sewer - \$75.00 for residential; \$88.80 per SFE for commercial customers;
4 and \$67.00 per connected unit for commercial/mobile homes.

5 **Q. APPROXIMATELY HOW MANY WATER CUSTOMERS DOES WYBOO**
6 **HAVE IN THE STATE OF SOUTH CAROLINA?**

7 A. Wyboo serves approximately 334 residential water customers and 27 commercial
8 water customers in Wyboo's service area.

9 **Q. APPROXIMATELY HOW MANY WASTEWATER CUSTOMERS DOES**
10 **WYBOO HAVE IN THE STATE OF SOUTH CAROLINA?**

11 A. Wyboo serves approximately 232 residential sewer customers and 13 commercial
12 sewer customers in Wyboo's service area.

13 **Q. HOW MUCH DID YOU PAY FOR THE UTILITY?**

14 A. In March, 2001 I purchased all outstanding stock of the Company for \$250,000.

15 **Q. HOW MUCH HAS WYBOO SPENT, SINCE YOUR PURCHASE,**
16 **REPAIRING AND REFURBISHING THE SYSTEMS?**

17 A. Since my purchase, Wyboo has expended substantially more than \$500,000
18 repairing and refurbishing the system.

19 **Q. DOES WYBOO HAVE ANY ADDITIONAL PLANS TO REPAIR AND**
20 **UPGRADE THE SYSTEM?**

21 A. Yes, in the near future, we intend to expand and improve the wastewater
22 treatment plant ("WWTP"). We estimate that this WWTP upgrade and expansion
23 will cost approximately \$1.2 million. In addition, it is my understanding that the

1 former owner of Wyboo has entered into an agreement with the South Carolina
2 Department of Health and Environmental Control ("DHEC") to implement a
3 major project related to placement of Wyboo's water and sewer lines. I
4 understand that for a material portion of Wyboo's system, the owner of Wyboo,
5 who was also the original developer of Wyboo Plantation, placed the water and
6 sewer pipes in proximity to each other. While I have not seen any written
7 documentation, my understanding is that the developer has agreed with DHEC
8 that he will move either the water or sewer lines in these areas to more separate
9 locations. I do not know the schedule of this project or its cost.

10 **Q. PLEASE EXPLAIN THE COMPANY'S DECISION TO ADJUST**
11 **EMPLOYEE SALARIES?**

12 A. When I originally filed this rate application in 2005, Wyboo was paying its
13 employees a fraction of what they could earn in other similar positions with other
14 companies. This created two problems. First, certain employees would not work
15 full time for these meager wages. Second, those that would work full time were
16 likely to leave for better opportunities at other area businesses. I became
17 concerned that this could create a real problem for Wyboo with employee
18 retention. Retraining new employees to replace old employees is costly, and over
19 time, this would make for a very inefficient and ineffective operation.

20 Under Wyboo's current rates, it could not pay these market-rate salaries.
21 Moreover, Wyboo could not pay these market rate salaries even under *new* rates,
22 if the new rates did not account for these higher salaries in Wyboo's as-adjusted
23 test year financials.

1 Mr. Maready had explained to me that the Commission must base
2 Wyboo's new rates upon the Company's test year financials, but that the
3 Commission could allow adjustments to these financials for "known and
4 measurable" expense increases that occurred after the test year.

5 So, to resolve this problem, in the Spring of 2006, I entered into binding
6 agreements with Wyboo's key employees to increase their salaries towards
7 market rates. Under these agreements, each employee would accept one-half of
8 their new salary in cash and one-half as an accumulated account payable.
9 Beginning May 1, 2006, I implemented these new salaries, which are reflected in
10 **Exhibit 1** to this Testimony.

11 **Q. WHAT SALARIES DO WYBOO'S BOOKS REFLECT TO THESE**
12 **EMPLOYEES?**

13 A. Wyboo's books reflect the entire salary set forth in **Exhibit 1**. Wyboo enters
14 these salaries on its books as a full employee expense. 50% is paid out of
15 Wyboo's operating account, and 50% goes to an increasing liability account for
16 each employee.

17 **Q. HOW WILL THESE EMPLOYEES' W-2'S REFLECT THESE**
18 **ADJUSTED SALARIES?**

19 A. Each employee will receive a W-2 at the end of the year reflecting their entire
20 salary, which includes the cash salary payments, plus the total account payable
21 that has accrued during the year. Each employee should report the entire salary
22 set forth on their W-2, and not just the cash salary payments.

1 **Q. WHAT IS WYBOO'S AGREEMENT WITH REGARD TO HOW IT WILL**
2 **BEGIN TO REPAY THE ACCOUNT PAYABLE THAT HAS**
3 **ACCUMULATED, AND PAYMENTS THAT ARE PAID 100% IN CASH?**

4 A. Wyboo agreed with each of these employees that it will begin to pay their salaries
5 in 100% cash as soon as the rates this Commission approves are set into place,
6 and collections begin. Within six months of that time, Wyboo will begin to pay
7 off each of these employee's account payable on a monthly basis at a rate Wyboo
8 sets based upon its then-current financial position.

9 **Q. ARE THESE NEW SALARIES APPROPRIATE FOR EACH EMPLOYEE,**
10 **AND COMMENSURATE WITH CURRENT MARKET SALARIES FOR**
11 **SIMILAR EMPLOYEES IN THIS FIELD?**

12 A. Yes, they are. Based upon my experience in this industry, these salaries are
13 appropriate for the work each employee performs, and are close to, but probably
14 slightly lower than, the going market for similar employment in Wyboo's
15 geographic area.

16 **Q. DID YOU DO ANY RESEARCH THAT CONFIRMS YOUR BELIEF**
17 **REGARDING THE FAIRNESS AND APPROPRIATENESS OF THESE**
18 **SALARIES?**

19 A. Yes, I researched employment records for the State of South Carolina. I found
20 employment positions similar to each of the employees at issue. The State
21 records gave a range of salaries for these positions. I found that all of my
22 employees were within, but on the lower side, of these ranges.

1 While this approach does involve certain risk, I felt that the offsetting
2 benefit to Wyboo's ongoing economic stability far outweighs that risk. In the
3 end, this approach will benefit Wyboo's customers by making Wyboo's provision
4 of water and sewer service more stable and sustainable in the long term.

5 **Q. IN WYBOO'S PROPOSED SCHEDULE OF RATES AND CHARGES,**
6 **YOU HAVE A SECTION ENTITLED "GRINDER PUMPS, STEP**
7 **SYSTEMS, AND SOLIDS INTERCEPTOR TANKS." WOULD YOU**
8 **PLEASE EXPLAIN THE NEED FOR THIS PROVISION?**

9 A. Yes. I patterned this provision after a similar provision that this Commission has
10 already approved for three other utilities here in South Carolina: Carolina Water
11 Service, United Utilities, and Tega Cay.

12 **Q. WHAT IS THE HISTORY OF THIS SUBJECT?**

13 A. A large part of the Wyboo system is a low pressure sewage system that depends
14 upon the installation and usage of something called a STEP system on each
15 customer's property. The STEP system is basically a solids interceptor tank
16 combined with a pump to transport the customer's sewage from that tank to the
17 Utility's sewage collection system. When the customers built their houses, their
18 contractor installed these STEP systems in line between the customer's home and
19 his or her connection to Wyboo's system at the street. Each pump is wired
20 through the customer's home and is powered by the customer's electrical service.

21 When I purchased Wyboo's stock in 2001, it was completely unclear
22 whether Wyboo had ever undertaken the obligation of operating and maintaining

1 these STEP systems, and who was responsible for the costs of any repairs. I was
2 getting conflicting information from Wyboo's previous owners and DHEC.

3 Based upon some DHEC information from the 90's that the South
4 Carolina Office of Regulatory Staff ("ORS") has recently provided to me, Wyboo
5 has agreed that the operation and maintenance of these STEP systems will be one
6 of Wyboo's obligations as a public utility. Wyboo's rates must be set to
7 appropriately reflect Wyboo's associated expenses.

8 **Q. WHAT RATE MODEL DOES WYBOO PROPOSE FOR STEP SYSTEM**
9 **MAINTENANCE?**

10 In a given year only a small percentage of Wyboo's customers will require
11 maintenance to be performed on their STEP systems. With this in mind, Wyboo
12 has requested approval of a tariff provision that does not cause the many
13 customers who have no need for STEP system maintenance to subsidize the few
14 that do. Since the cost associated with each STEP system maintenance operation
15 can be easily identified and tracked, I believe that the provisions set forth in this
16 portion of Wyboo's tariff provides the most fair and accurate way for Wyboo to
17 charge customers for these legitimate utility expenses.

18 **Q. DO YOU PROPOSE A MODIFICATION TO THE PROVISIONS**
19 **CONTAINED IN YOUR PROPOSED SCHEDULE OF RATES AND**
20 **CHARGES?**

21 A. Yes. During our discussions with the Office of Regulatory Staff, Mr. Willie
22 Morgan pointed out to us that Carolina Water Service's similar tariff provision
23 sets out a \$150 charge for pumping out a customer's solid's interceptor tank.

1 Wyboo's proposal would simply be to pass whatever cost Wyboo incurred for this
2 pump out on to the customer. In order to address Mr. Morgan's proposal, I
3 checked with a company Wyboo uses for this service, and they have quoted me a
4 firm price of \$155 for pumping a customer's tank. Based upon this information, I
5 hereby amend this section of Wyboo's Proposed Schedule of Rates and Charges
6 to include the following language:

7 Pumping Charge

8 At such time as the Utility determines through its inspection that
9 excessive solids have accumulated in the interceptor tank, the
10 Utility will arrange for pumping the tank and will include \$155.00
11 as a separate item in the next regular billing to the customer.

12 **Q. HAS THE COMMISSION EVER APPROVED SIMILAR TARIFF**
13 **PROVISIONS FOR UTILITIES TO CHARGE CUSTOMERS FOR STEP**
14 **SYSTEM MAINTENANCE?**

15 **A.** Yes. In proposing this provision, we are not asking the Commission to reinvent
16 the wheel. The Commission has already approved similar tariff provisions for
17 Carolina Water Service, United Utilities, and Tega Cay, among others. I have
18 attached as **Exhibit 2** to this testimony the similar provisions this Commission
19 approved for Carolina Water Service, Inc. in Docket No. 2004-357-W/S, Order
20 No. 2005-328. Our proposal contains slight changes to the language in those
21 prior approvals to make this provision clearer to the customer, but the ultimate
22 treatment of these costs by the utility will be identical.

1 **Q. PLEASE EXPLAIN THE ARRANGEMENT YOU HAVE PROPOSED IN**
2 **YOUR SCHEDULE OF RATES AND CHARGES FOR THE BILLING OF**
3 **MULTI-TENANT APARTMENTS AND MOBILE HOMES?**

4 A. Wyboo drafted this provision to be consistent with Commission Regulation 103-
5 535(O). While I understand that this regulation has never directly been repealed,
6 the Office of Regulatory Staff has pointed out S.C. Code Ann., §27-33-50. This
7 statue appears to nullify 103-535(O), unless there is a written agreement between
8 the Utility and the landlord, or the property is “a multi-unit building consisting of
9 four or more residential units served by a master meter or single connection.” In
10 order to address this statutory provision, I hereby amend that portion of Wyboo’s
11 proposed schedule of rates and charges by adding the following language at the
12 beginning: “If the landlord agrees in writing, or in the case of a multi-unit
13 building consisting of four or more residential units served by a master meter or
14 single connection,” This should make that provision consistent with South
15 Carolina statutory law.

16 **Q. ARE THESE RATE INCREASES BASED ON A RATE-BASED RATE OF**
17 **RETURN?**

18 A. No they are not. While Wyboo understands that this Commission has on one or
19 more occasions approved water and sewer rates based on this methodology,
20 Wyboo is submitting this request based upon the operating margin methodology,
21 which we understand this Commission has more commonly used.

22 **Q. DOES WYBOO SEEK UNIFORM RATES FOR ALL OF ITS**
23 **CUSTOMERS IN WYBOO PLANTATION SUBDIVISION?**

1 A. Yes.

2 **Q. HAS WYBOO PROPOSED A RATE FOR CUSTOMERS WITHIN**
3 **GRANADA AND CEDAR HILL THAT ARE BASED UPON WYBOO'S**
4 **COMMERCIAL RATES?**

5 A. Yes we have. Based upon our understanding that the landlord would be Wyboo's
6 customer, we have proposed a special rate for these mobile home customers based
7 upon the commercial rate, and applying $\frac{3}{4}$ SFE to each mobile home. This results
8 in water and sewer rates for these mobile home customers that are about \$7 lower
9 than the proposed residential rates. The change to the above-reference provision
10 on Billing of Tenants made necessary by §27-33-50 does away with the cost
11 advantage Wyboo would have gotten by having the landlord of Granada and
12 Cedar Hills be Wyboo's customer, making these customers more like residential
13 customers. If the Commission agrees, Wyboo would not object to the application
14 of its residential rates to these mobile home customers.

15 **Q. HOW HAVE YOU DETERMINED THE ADDITIONAL OPERATING**
16 **REVENUE NECESSARY TO BRING THE WYBOO SYSTEM BACK TO**
17 **ECONOMIC SUSTAINABILITY?**

18 A. Wyboo's staff and I have worked diligently with Mr. Joe Maready, our expert, in
19 appropriately calculating Wyboo's proposed rates. Naturally, I must defer to Mr.
20 Maready for the exact particulars of the rate increase and rely upon his work and
21 his final analysis as to what Wyboo requires.

22 **Q. AND HAS MR. MAREADY PREPARED THE NECESSARY SCHEDULES**
23 **AND OTHER SUPPORT DATA IN CONNECTION WITH THIS CASE?**

1 A. Yes, he has. That data is included as exhibits to Wyboo's rate application, and is
2 supported by Mr. Maready's pre-filed testimony. I wish to adopt by reference
3 Wyboo's Application, its exhibits, and the data and schedules which Mr. Maready
4 has submitted on behalf of Wyboo.

5 **Q. DID WYBOO PERFORM AN ANALYSIS OF THE ESTIMATED**
6 **REPAIRS AND IMPROVEMENTS TO WYBOO PLANTATION**
7 **UTILITIES, INC.'S ASSETS LOCATED IN SOUTH CAROLINA PRIOR**
8 **TO COMPLETING THAT PURCHASE?**

9 A. We did the best we could. However, obtaining an accurate estimate of necessary
10 repairs and improvements was very difficult.

11 **Q. WHY WAS THAT?**

12 A. Even though we knew several of the items within Wyboo's system that needed
13 attention, we did not know exactly what DHEC would require for Wyboo to
14 address these issues. With regard to the WWTP upgrade, we still do not know
15 finally what that will entail.

16 **Q. DID WYBOO ARRANGE PERMANENT FINANCING REGARDING ITS**
17 **INITIAL PURCHASE OF THE SYSTEMS?**

18 A. Yes, so far Wyboo secured financing for my purchase of this utility, and the
19 required upgrade of the water system, from Charles D. Rhodes & Associates,
20 LLC. I have attached a copy of the Note and associate Agreement Regarding
21 Financing to this testimony as **Exhibit 3**.

1 **Q. IS IT YOUR UNDERSTANDING THAT THE COMMISSION MUST**
2 **APPROVE THE FINANCING AGREEMENT ATTACHED AS EXHIBIT**
3 **3?**

4 A. No. This financing agreement is simply a loan/line of credit, for which I
5 understand the Commission has not traditionally required approval. I do not
6 understand this financing agreement to create any new mortgages on Utility
7 property, but only to transfer the existing mortgage/security interest in Wyboo's
8 assets, including all of its fixtures and equipment, created when I purchased
9 Wyboo in 2001. The Commission approved that transaction in Docket No. 2001-
10 184-W/S. However, to the extent that this financing agreement requires some
11 further approval by this Commission, I respectfully request that the Commission
12 provide this approval as part of its Order in this proceeding.

13 **Q. WHAT ARE WYBOO'S CURRENT COSTS ASSOCIATED WITH THIS**
14 **RATE PROCEEDING?**

15 A. In it application, Wyboo used \$50,000 as a surrogate number for its rate
16 proceeding costs. At this point Wyboo has incurred and paid for \$42,938 in rate
17 case expenses. Wyboo has paid \$37,938 of that total to Ellis Lawhorne & Sims,
18 PA for legal fees and costs directly associated with its representation of Wyboo in
19 this docket, and \$5,000 to Mr. Joe Maready for that same purpose. Wyboo has
20 agreed to pay Mr. Maready an additional \$3,000 upon issuance of the
21 Commission's final order in this docket, and our attorneys, Ellis Lawhorne and
22 Sims, PA, are holding Wyboo's payment in that amount in their escrow account.
23 Ellis Lawhorne and Sims has very recently invoiced Wyboo an additional

1 \$15,093.59, which remains an outstanding balance as of today. We will continue
2 to update the total rate case expense amount periodically, and will bring that
3 amount current on the date of the hearing in this proceeding.

4 **Q. HOW HAS WYBOO PAID FOR THESE RATE CASE EXPENSES?**

5 A. Wyboo has paid for its expenses to-date through two draws on the line of credit
6 reflected in Exhibit 3, one in October 2005 for \$30,000, and one in August 2006
7 for \$20,000.

8 **Q. DOES THE RELIEF SOUGHT AFFECT COMMERCIAL AND**
9 **INDUSTRIAL CUSTOMERS AS WELL AS RESIDENTIAL**
10 **CUSTOMERS?**

11 A. Yes, we are seeking rates that will, for the first time, distinguish between
12 Wyboo's residential and commercial customers. The commercial customers will
13 be treated in the same way that this Commission has approved for many other
14 utilities under its jurisdiction by setting that rate based upon a DHEC Single
15 Family Equivalent ("SFE") unit, and then applying DHEC's contributory loading
16 guidelines to determine the appropriate number of SFE's for each commercial
17 customer.

18 **Q. WHAT NET BENEFITS DO THE RATEPAYERS RECEIVE**
19 **REGARDING THESE INCREASES?**

20 A. These increases are crucial of Wyboo's continued survival. In exchange, Wyboo
21 ratepayers will continue to receive safe and consistent service, which will enhance
22 their quality of life, and the value of their properties within the Wyboo service
23 area..

1 **Q. HAS WYBOO COMPLIED WITH ALL SOUTH CAROLINA**
2 **REGULATORY REQUIREMENTS SINCE ITS PURCHASE OF THE**
3 **SUBJECT SYSTEMS ON OR ABOUT APRIL, 2001?**

4 A. Yes, we believe that Wyboo has essentially complied with all such regulatory
5 requirements.

6 **Q. HAS WYBOO COMPLETED A STUDY OF ITS FINANCIAL**
7 **OPERATIONS FOR THE YEAR 2005, AS ADJUSTED FOR KNOWN**
8 **AND MEASURABLE CHANGES THAT HAVE OCCURRED IN 2006?**

9 A. Yes. Wyboo has provided the relevant information as part of its Application. Mr
10 Maready will present detailed testimony on this subject.

11 **Q. DO WYBOO'S SOUTH CAROLINA OPERATIONS SHOW A LOSS OR A**
12 **PROFIT?**

13 A. Wyboo's South Carolina operations for the test year 2005, before appropriate
14 adjustments, show a total operating loss of \$18,441. After appropriate
15 accounting adjustments, Wyboo's as-adjusted loss for the test year was actually
16 \$372,038, with an operating margin loss of 216.56%.

17 **Q. DOES THIS RATE CASE SEEK TO AVOID THAT TYPE OF LOSS IN**
18 **THE YEARS GOING FORWARD?**

19 A. Yes, the purpose for the requested rate increase is to allow Wyboo to cover its
20 costs of operation plus a fair and reasonable operating margin on its provision of
21 water and wastewater services.

22 **Q. IF THE REQUESTED RATES ARE GRANTED, HOW MUCH ANNUAL**
23 **REVENUE WILL RESULT?**

1 A. Total annual revenues after the increase will be \$705,608.

2 **Q. IS WYBOO AMENABLE TO ANY ALTERNATE RATE DESIGN**
3 **APPROACHES?**

4 A. Yes. Wyboo is pleased to work with the parties to this action to make reasonable
5 adjustments in the base water and wastewater rates. For example, as I have
6 discussed previously in my testimony, Wyboo has requested rates that create a
7 distinction between the per-SFE rates for residential and commercial customers.
8 If parties to this docket are uncomfortable with this approach, Wyboo would be
9 open to adjusting those rates to eliminate that distinction. However, in doing so,
10 we would also have to increase other rates to maintain the currently-proposed
11 operating margin.

12 **Q. WOULD WYBOO CONSIDER DIFFERENT RATES PER CLASS OF**
13 **CUSTOMER?**

14 A. Yes, as long as the necessary and fair operating margin we have requested is
15 maintained.

16 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

17 A. Yes it does.

Exhibit 1

WYBOO PLANTATION UTILITIES, INC.

EMPLOYEES LIST

MAY 2006

<u>NAME</u>	<u>POSITION</u>	<u>Hour Rate</u>	<u>Yearly Rate</u>
Mark Wrigley...	Owner/CEO	\$36.00	\$75,000.00
Frederick A. Wrigley	Env. Mgr.	\$18.05	\$37,544.00
Ruth . Wrigley	Adm. Assit./ACCT.MGR	\$18.05	\$37,544.00
Ernestine Wrigley	Office MGR/Sec.	\$12.26	\$25,500.80
Aimee Wrigley	Secretary	\$9.11	\$18,948.80
Eddie Barrett	Maint. Sup.	\$18.05	\$37,544.00
<u>Buddie Fowler</u>	<u>Chief Operator</u>	<u>\$20.00</u>	<u>\$41,600.00</u>
			\$273,681.60

Thomas Nelson Contractor \$300.00 perMonth
(Summer Months/ Grass Cutting)

Virginia Sill Contractor \$450.00 perMonth
(Web Site and Maint)

Exhibit 2

APPENDIX A

Docket No. 2004-357-W/S – Order No. 2005-328

June 22, 2005

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on a pro rata basis, without markup.

The Utility will, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units (or in such other circumstances as the law may allow from time to time), which is served by a master sewer meter or a single sewer connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

Solids Interceptor Tanks

For all customers receiving sewage collection service through an approved solids interceptor tank, the following additional charges shall apply:

A. Pumping Charge

At such time as the Utility determines through its inspection that excessive solids have accumulated in the interceptor tank, the Utility will arrange for pumping the tank and will include \$150.00 as a separate item in the next regular billing to the customer.

B. Pump Repair or Replacement Charge

If a separate pump is required to transport the customer's sewage from solids interceptor tank to the Utility's sewage collection system, the Utility will arrange to have this pump repaired or replaced as required and will include the cost of such repair or replacement and may be paid for over a one year period.

C. Visual Inspection Port

In order for a customer who uses a solids interceptor tank to receive sewage service from the Utility or to continue to receive such service, the customer shall install at the customer's expense a visual inspection port which will allow for observation of the contents of the solids interceptor tank and extraction of test samples therefrom. Failure to provide such a visual inspection port after timely notice of not less than thirty (30) days shall be just cause for interruption of service until a visual inspection port has been installed.

2. Nonrecurring Charges

A) Sewer Service Connection (New connections only)	\$300 per SFE*
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Exhibit 3

STATE OF SOUTH CAROLINA

COUNTY OF CLARENDON

NOTE

September 29, 2005

\$510,000.00

For value received, the undersigned promises to pay to the order of Charles D. Rhodes & Associates, LLC at 2538 Players Course Drive, Manning, South Carolina 29102, the Principal Sum not to exceed Five Hundred Ten Thousand and no/100ths Dollars (\$510,000.00). The principal sum shown above is the maximum amount of principal the undersigned can borrow under this note. On September 29, 2005, a payoff of an NBSC note in the amount of Sixty Four Thousand Six Hundred Forty Four and 91/100ths Dollars (\$64,644.91) and attorneys fees to Nexsen Pruet Adams Kleemeier, LLC in the amount of Eighteen Thousand Three Hundred Thirty Five and no/100ths Dollars (\$18,335.00) shall be the first draw upon this note. Multiple advances may be made on this note by the presentation of an invoice for the construction of an above ground storage tank as outlined in the Agreement Regarding Financing that is dated September 9, 2005 and incorporated herein.

The undersigned agrees to pay interest on the outstanding principal balance from September 29, 2005 at an interest rate equal to the sum of the Prime Rate in effect, plus 2% per annum until September 29, 2008 at which time the principal of the note is due and payable. "Prime Rate", as used in this note, shall mean the Prime Rate as determined and set by The Bank of Clarendon. The rate of interest payable under this note, however, shall never be less than five percent (5%) per annum.

The first interest payment shall be due on November 15, 2005. Thereafter interest only payments shall be made on the first of each month. If a payment is not made within 10 days after it is due, the undersigned agrees to pay a late charge of 5.00% of the payment due. Payor shall have the right to prepay without penalty.

If default be made in performance of a compliance with any of the covenants and conditions of the mortgage and an Agreement Regarding Financing dated 9 September 2005 or any other instrument securing this note, then in any of said events, said principal sum with all accrued interest thereon shall become at once due and payable at the option of holder thereof and be collectible without further notice. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default.

If this note be placed in the hands of an attorney for collection after the same shall for any reason become due, or if collected by legal proceedings or through the probate of bankrupt courts, or under foreclosure proceedings unto the mortgage securing this note, then all cost of collecting including the further and additional sum of fifteen (15%) percent on the full amount due hereon, shall be added hereto as attorney's fees secured and collectible as the principal hereof.

The undersigned expressly agree jointly and severally to remain and continue bound for the payment of the principal and interest provided for by the terms of this note notwithstanding any extension or extensions of the time of, or for the payment of said principal or interest or any change or changes in the amount or amounts agreed to be paid under and by virtue of the obligation to pay provided for in this note, or any change or changes by way of release or surrender of any collateral held as security for this note and waive all and every kind of notice of such extension or extensions, changes or changes and agree that the same may be made without the joinder of the undersigned.

Presentment, protest, and notice are hereby waived.

SECURITY:

First Mortgage dated 29 September 2005 on Clarendon County Tax Map Numbers: 163.00.01.101, 162.00.03.062, 163.00.01.172

All Fixtures and Equipment used to provide water service to Wyboo Plantation and other subdivisions serviced off of this system located in Clarendon County in the operating of Wyboo Plantation Water and Sewer System.

Any constructed portion of an above the ground water tank located on the above referenced Premises.

WITNESS THE HAND AND SEAL OF EACH OF THE SIGNERS HEREOF:

Picci Landwele
[Signature]

WYBOO PLANTATION UTILITIES, INC.

Mark S. Wrigley
By: Mark S. Wrigley
Its: President
Mark S. Wrigley
Mark S. Wrigley, Individually

STATE OF SOUTH CAROLINA)
)
COUNTY OF CLARENDON)

AGREEMENT REGARDING FINANCING

THIS AGREEMENT REGARDING FINANCING (the "Agreement") is entered into by and among Mark S. Wrigley ("Wrigley"), Mark S. Wrigley on behalf of Wyboo Plantation Utilities, Inc. (hereinafter referred to as "Wyboo Plantation Utilities"), Doug Rhodes of C.D. Rhodes and Associates, LLC (hereinafter referred to as "Rhodes"), and Calhoun Mayes and Herbert Anderson of Land Promotions, Inc., dba Wyboo Plantation (hereinafter referred to as "Land Promotions") as of the day set forth below;

WHEREAS, Land Promotions, Inc., dba Wyboo Plantation was the developer of a certain subdivision in Clarendon County referred to as Wyboo Plantation and was the owner of Wyboo Plantation Utilities, Inc.;

WHEREAS, Wrigley purchased Wyboo Plantation Utilities on March 30, 2001 and is the current operator of the water and sewer system servicing Wyboo Plantation and other subdivisions in Clarendon County ("Systems"). Other water and sewer systems owned by Wyboo Plantation Utilities located outside of Clarendon County are not at issue and shall remain unaffected by this Agreement;

WHEREAS, C.D. Rhodes and Associates, LLC purchased all of the undeveloped lots in Wyboo Plantation from Land Promotions on December 31, 2003 to include a note and mortgage;

WHEREAS, the parties acknowledge pending issues with The Department of Health and Environmental Control ("DHEC") and Consent Order addressing issues involving the current placement of sewer and water lines in Wyboo Plantation ("Land Promotions' Consent Order");

WHEREAS, the parties acknowledge additional issues with DHEC concerning the need for a larger capacity ground storage water tank ("Tank") which may lead to a moratorium on the issuance of additional water taps in Wyboo Plantation;

WHEREAS, the parties further acknowledge a lawsuit pending in the Court of Common Pleas in Sumter County between Land Promotions and Wyboo Plantation Utilities regarding placement of water and sewer lines in Wyboo Plantation;

WHEREAS, a moratorium on the issuance of taps would be detrimental to the sale of lots in the Wyboo Subdivision and to the successfulness of Rhodes' business;

WHEREAS, Land Promotions has an existing loan from the Bank of Clarendon with provisions to allow future advances. This note has been assumed by Rhodes.

NOW, THEREFORE, in consideration of the mutual promises herein, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Rhodes, in conjunction with Land Promotions, will provide short term financing using funds available (as described in paragraph 2 below) for construction of the Tank. "Short term financing" is intended by the parties to be a period of time not to exceed three (3) years from the date of the first draw from the Construction Loan.

2. Rhodes agrees to loan funds up to \$510,000.00 (the "Construction Loan") to provide Wyboo Plantation Utilities, Inc. with funding for the purchase and construction of the Tank and related costs. The parties acknowledge that other funds

are or may become available to be drawn by Rhodes or Land Promotions. However, any funds drawn by Rhodes or Land Promotions unrelated to the purchase and construction of the Tank and related costs shall not be an obligation of Wrigley or Wyboo Plantation Utilities.

3. There exists a note in the amount of Sixty-five Thousand Six Hundred ninety-one and 32/100 Dollars (\$65,691.32) (the "NBSC Note") and a first mortgage (the "NBSC Mortgage") held by the National Bank of South Carolina ("NBSC"). The NBSC Mortgage is secured by the real property and equipment of Wyboo Plantation Utilities. The NBSC Note and the NBSC Mortgage shall be satisfied and considered a first draw upon the Construction Loan.

4. Wrigley acknowledges a Promissory Note (the "Land Promotions' Note") and accompanying Mortgage (the "Land Promotions' Mortgage") executed by him on or about March 30 2001, to Land Promotions promising to pay \$150,000.00, with interest at the rate of 8%. Further, Wrigley acknowledges, and Land Promotions and Rhodes represent, that the Land Promotions' Note was assigned to Rhodes as part of his purchase of Land Promotions' remaining interest in Wyboo Plantation. Rhodes will not require payments on the Land Promotions' Note and the Land Promotions' Mortgage during this short term financing period as long as the period does not exceed thirty-six (36) months. However, the Land Promotions' Note and the Land Promotions' Mortgage shall be satisfied in full with Rhodes as part of the permanent financing.

5. Wyboo Plantation Utilities will execute an additional note and mortgage to Rhodes (the "Rhodes' Note" and the "Rhodes' Mortgage," respectively), which will

be secured by the property where the Tank is to be placed as well as the property where the Systems (previously defined on page 1) are located as well as the fixed equipment owned by Wyboo Plantation Utilities comprising the Systems. Wrigley will execute the Rhodes' Note and the Rhodes' Mortgage personally and as the President and authorized agent for Wyboo Plantation Utilities.

6. Wrigley will have a period of up to thirty-six (36) months from the date of the first draw on the Construction Loan to satisfy his obligation under the Land Promotions' Note and the Rhodes' Note with permanent financing, unless an extension of such time is otherwise agreed to by the parties. Wyboo Plantation Utilities will use its best efforts to ensure that the Tank satisfies the parameters set forth in the DHEC Consent Order (the "WPU Consent Order") executed by Wrigley, including any revisions to such Consent Order.

7. Rhodes and Land Promotions agree to cooperate in a reasonable manner to assist Wrigley and Wyboo Plantation Utilities in obtaining permanent financing.

8. Wyboo Plantation Utilities will sign a Deed in Lieu of Foreclosure and a Bill of Sale conveying all of the equipment and fixtures necessary to operate the Systems (previously defined on page 1) presently owned by Wyboo Plantation Utilities to be held in Trust and only recorded or transferred in the event of a Default that is not cured within sixty (60) days. Events of default are set forth below:

(A) Wyboo Plantation Utilities shall be considered in default if it fails to pay any interest payment or any other sum of money owing to Rhodes within ten (10) days from written notice that the payment is past due.

After written notice of late payment has been properly given twice in any period of three (3) consecutive months, it shall be an event of default when an interest payment or any other sum of money owing to Rhodes is not received by Rhodes within ten (10) days from the date when such is due and no written notice of non-receipt need first be given by Rhodes.

(B) Wyboo Plantation Utilities fails to comply with any provision of this Agreement not relating to payments owing to Rhodes, and the failure continues for a period of sixty (60) days or more after Wyboo Plantation Utilities receives written notice from Rhodes, except that if compliance cannot reasonably be achieved within the sixty (60) day period, there shall be no event of default so long as Wrigley promptly attempts and diligently and continuously pursues actions intended to bring about compliance.

(C) If Wrigley or Wyboo Plantation Utilities files a petition in bankruptcy or shall take or consent to any other action seeking any such judicial decree or shall make any assignment for the benefit of its creditors or shall admit in writing its inability to pay its debts generally as they become due, or if any court of competent jurisdiction shall enter a decree or order adjudicating it bankrupt or insolvent, or if any trustee or receiver for Wrigley or for any substantial part of its property be appointed, or if any person shall file a petition for involuntary bankruptcy against Wrigley or Wyboo Plantation Utilities and such appointment or petition shall not be stayed or vacated within sixty (60) days of entry thereof, or if Wrigley or

Wyboo Plantation Utilities proposes any dissolution, liquidation, financial reorganization or recapitalization; or

(D) Failing to maintain the proper insurance on mortgaged premises; or

(E) Failure to secure financing within the time limit provided for in paragraph six (6); or

(F) Failure to abide by the WPU Consent Order, specifically relating to the Tank, including any revisions by DHEC pertaining to the WPU Consent Order; or

(G) Placement of additional fines or penalties by DHEC relating to the construction of the tank; or

(H) Work on the Tank project has halted for a period of thirty days (30) for a reason other than at DHEC's request or direction.

The parties agree that upon written notice of default to Wrigley and Wyboo Plantation Utilities, Wrigley or Wyboo Plantation Utilities shall have sixty (60) days to cure such default. If Wrigley or Wyboo Plantation Utilities cures such default within sixty (60) days, the default will not be deemed an "event of default." The Notice provisions will apply to any other defaults.

In the event of Default that is not cured within sixty (60) days, as listed above, Wyboo Plantation Utilities agrees to provide Rhodes with any construction or engineering plans, information or statistics to enable Rhodes to have the construction

completed should the Default occur prior to the completion of construction on the Tank and actual service to the Systems.

9. Rhodes agrees that in the event he has to record the Deed in Lieu of Foreclosure, he accepts the Deed in Lieu of Foreclosure in complete satisfaction of any and all claims against Mark S. Wrigley and Wyboo Plantation Utilities, Inc. and he therefore waives any right to assert a claim for any deficiency that might arise or exist.

10. Simultaneously with the execution of this document, a settlement agreement and dismissal of all claims and counterclaims will be executed resolving the issues in the suit filed in Sumter County. However, Wrigley's obligation under the Land Promotions' Note and the Land Promotions' Mortgage shall be preserved. Wrigley acknowledges that the current Consent Order and any future directives from DHEC related to the issue of sewer and water line placement will be satisfactory to him. Rhodes and Land Promotions agree to provide timely written information to Wrigley regarding its negotiations with DHEC and work on the replacement water and sewer lines.

11. Draws on the Rhodes' Note shall be made in a construction style loan wherein at the submission of an invoice for parts or services from Wyboo Plantation Utilities, Rhodes will make payment directly to the provider or vendor within ten (10) days from such submission. In the event that Wrigley or Wyboo Plantation Utilities itself performs portions of the construction that would require reimbursement to Wrigley or Wyboo Plantation Utilities, an inspection by an engineer or a licensed

contractor familiar to Rhodes with this type of construction must certify that described work has been performed in a skillful manner and in compliance with plans and all applicable DHEC regulations. In addition, the licensed contractor or engineer must attest to the appropriateness of the charges invoiced by Wrigley or Wyboo Plantation Utilities for such work performed itself. Such certification and attestation will not be unreasonably withheld and any undisputed amounts shall be paid. Invoices must relate directly to the purchase or construction of the replacement tank to qualify for payment. In no event shall funds be used to cover any DHEC fines.

12. During this short term financing period, Wyboo Plantation Utilities will be responsible for making interest only payments based on the amount of monies drawn on the Construction Loan. Said payments shall be made directly to Rhodes by the fifteenth (15th) day of each month, beginning the first full month after the first "draw" is made.

13. The parties to this Agreement understand that Wrigley and Wyboo Plantation Utilities are only responsible for funds drawn in contemplation of the construction of the Tank and related costs (i.e., the Construction Loan).

14. Wrigley agrees to cooperate with any reasonable request from Rhodes on information regarding the Tank or the System.

15. During the short term financing period, the interest only payments on the Rhodes' Note will be the only payment due to Rhodes or Land Promotions from Wrigley or Wyboo Plantation Utilities.

16. Each of the parties shall have the right to audit the transactions to ensure the proper crediting of advances and payments among the parties.

17. Simultaneously with the execution of this document, a settlement agreement and dismissal of all claims and counterclaims will be executed resolving the issues in the suit filed in Sumter County. However, Wrigley's obligation under the Land Promotions' Note and the Land Promotions' Mortgage shall be preserved. Rhodes and Land Promotions agree to provide timely written information to Wrigley regarding its negotiations with DHEC and work on the replacement water and sewer lines.

18. In the event that either party to this Agreement brings an action to enforce the breach of any material term of this Agreement, the prevailing party in such action shall be entitled to have its costs, including attorney fees, paid by the non-prevailing party.


19. At closing, Rhodes agrees to purchase sewer taps for thirty-two dwellings, at a price of Six Hundred and no/100 Dollars (\$600.00) per tap. Wyboo Plantation Utilities will be responsible for the physical connection of the service line from the property line to the sewer main. Rhodes shall be responsible for providing the service line from the outlet of each tank to the property line.

20. This Agreement shall be governed by and construed in accordance with the law(s) of the State of South Carolina, and the parties hereby consent to the State of South Carolina as proper venue for the resolution of any dispute arising out of this Agreement.

21. The parties understand that this Agreement and the terms of such are subject to approval by the Public Service Commission.

IN WITNESS WHEREOF, the parties have signed, executed and affixed their seals hereto.

C.D. Rhodes & Associates, LLC

By: 

Its: Manager

Date: 9/9/05

LAND PROMOTIONS

By: Carlton May JrIts: PueDate: 9/14/05

WYBOO PLANTATION UTILITIES, INC.

By: Mark S. Wrigley

Its: President

Date: 9.9.05

Mark S. Wrigley
Mark S. Wrigley, Personally

**BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2005-13-W/S**

IN RE:

Application of Wyboo Plantation
Utilities, Inc. for adjustment of rates and
charges for the provision of water and
sewer service

CERTIFICATE OF SERVICE

This is to certify that I have caused to be served this day, one (1) copy of the **Prefiled Testimony of Mark Wrigley** via electronic mail service and by placing a copy of same in the care and custody of the United States Postal Service (unless otherwise specified), with proper first-class postage affixed hereto and addressed as follows:

Jocelyn G. Boyd, Esquire
Hearing Officer

South Carolina Public Service Commission
Post Office Drawer 11649
Columbia, South Carolina 29211

Wendy Cartledge, Esquire
C. Lessie Hammonds
Office of Regulatory Staff
Legal Department
1441 Main Street, 3rd Floor
Columbia SC 29201

Charles H. Cook, Esquire
Elliott & Elliott, PA
721 Olive St.
Columbia SC 29205

Robert E. Tyson, Jr.
Sowell Gray Stepp & Laffitte, LLC
PO Box 11449
Columbia SC 29211



Carol Roof, Paralegal

October 25, 2006
Columbia, South Carolina